

**A. Cover Sheet** *(Attach to front of proposal.)*

1. Specify: ☐ agricultural project or ☒ individual application or  
☒ urban project ☐ joint application
2. Proposal title concise but descriptive: Rebates for high-efficiency clothes washers
3. Principal applicant organization or affiliation: Metropolitan Water District of Southern California
4. Contact name, title: Peter A. Louie, Interim Conservation Manager
5. Mailing address: Post Office Box 54153, Los Angeles, California 90054-0153
6. Telephone: (213) 217-6122
7. Fax: (213) 217-7159
8. E-mail: [plouie@mwd.dst.ca.us](mailto:plouie@mwd.dst.ca.us)
9. Funds requested dollar amount: \$850,000
10. Applicant cost share funds pledged dollar amount: \$650,000
11. Duration (month/year to month/year): 03/2001 to 06/2003
12. State Assembly and Senate districts and Congressional district(s) where the project is to be conducted:  
See attachment # (1) list of legislators
13. Location and geographic boundaries of the project: See attached # (2) service area map
14. Name and signature of official representing applicant. By signing below, the applicant declares the following: the truthfulness of all representations in the proposal;  
the individual signing the form is authorized to submit the application on behalf of the applicant  
the applicant will comply with contract terms and conditions identified in Section 11 of this PSP.

Stephen N. Arakawa  
*(printed name of applicant)*

February 14, 2001  
*(date)*

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*(signature of applicant)*

## **B. SCOPE OF WORK**

### ***Relevance and Importance***

#### **1. Abstract**

Metropolitan is proposing a regional program of Rebates for High Efficiency Clothes Washers (HECWs) to support its member agencies. A total of 10,000 \$100-rebates would be made available via a single program vendor. Those rebates would be issued primarily in Year 2002. Metropolitan would provide \$250,000 in rebate funding and an additional \$325,000 in funding for vendor and staff expense. CALFED is requested to provide an additional \$750,000 toward rebates and \$175,000 toward vendor support. Additional funding is expected from Metropolitan's member agencies to increase the rebate to make it more attractive to their customers. The clothes washers are expected to save 2,260 acre feet of water over their estimated lives of 14 years.

Due to recent loss of a regional energy utility rebate program for HECWs which Metropolitan co-funded on behalf of its member agencies, there are now a number of agencies within Metropolitan's service territory that do not have HECW rebate programs in place. By implementing a regional rebate program, not only would there be important water conservation achieved, but also there would be significant program implementation cost savings due to economies of scale – one large program versus numerous small programs.

#### **2. Statement of Critical Issues**

Metropolitan has made, and will continue to make, significant investments in programs that will:

- minimize its demand for Bay-Delta water,
- achieve the objectives of its Regional Urban Water Management Plan, and
- comply with its obligations as a signatory to the Memorandum of Understanding Regarding Urban Water Conservation in California (MOU).

One such program, which fulfills Best Management Practice No. 6 of the MOU, is the replacement of conventional residential clothes washers with HECWs. Conventional clothes washers currently account for about as much in-door water use in single family residences as toilets. By successfully encouraging single family residents to purchase HECWs rather than conventional washers, about 5,250 gallons of water can be saved per year for each HECW installed<sup>1</sup>. Over a 14-year machine life, each HECW should conserve 73,500 gallons (0.226 acre-feet). In total, with 10,000 HECWs installed, the program would save 2,255 acre-feet of water.

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<sup>1</sup> Data derived by CUWCC from two studies: The High Efficiency Laundry Metering & Marketing Analysis (THELMA) study and the Bern, Kansas study. M.Cubed memo dated May 1, 2000.

In addition to saving water, HECWs can save up to 60 percent of the energy used with conventional washers. In light of the current power crisis in California, the installation of HECWs will be an important means of reducing demand for both electricity and natural gas. By using up to 40 percent less water than conventional clothes washers, HECWs require less heated water for washing. Also, because HECWs have much higher spin speeds than conventional washers, laundry from HECWs contains markedly lower moisture content than laundry from conventional washers. This, in turn, means less energy is required to dry the wash loads.

Since 1995 Metropolitan has issued almost 20,000 \$35 HECW rebates for a total investment of \$720,000. During this period Metropolitan has partnered with its two largest member agencies (Los Angeles Department of Water and Power and the San Diego County Water Authority) and with regional energy suppliers (Southern California Edison (SCE) and San Diego Gas and Electric). The advantage of working with the energy utilities was that they provided regional programs that Metropolitan participated in by simply co-funding a portion of the rebate. Metropolitan's member agencies received BMP credit for each HECW purchased via a rebate by one of its customers.

Recently SCE eliminated its Year 2001 regional rebate program for HECWs. Obviously the loss of this regional marketing vehicle creates a problem for water agencies in southern California. There were also other problems associated with these regional programs that the proposed program addresses.

For one, energy utility programs were very intermittent. They would run for six months or so, or until funding ran out, and then stop, with no certainty that they would be launched again in the near future. Metropolitan's member agencies are very much opposed to this on-again, off-again program approach. Customers purchase clothes washers year-round, and, therefore, should have access to a year-round rebate program. Without such a continuous program, many customers will opt for an inefficient, conventional clothes washer because they are less expensive. Unlike Ultra-Low-Flush Toilets, which are the only type of toilet available, the customer has a choice with clothes washers. There is no legislation mandating that only HECWs be sold. The presence of a rebate for HECWs is critical if the customer is to choose this relatively expensive, water and energy conserving appliance.

Another difficulty with utility programs has been that there was no opportunity for member agencies to contribute to the rebate. The energy utilities wanted a uniform rebate throughout their service territories to minimize customer confusion and to simplify their promotional efforts. However, without the availability of additional local rebate funding, the size of the rebate was limited, thereby making the purchase of HECWs less attractive. The only option for Metropolitan's member agencies was to establish their own rebate programs to provide a supplemental rebate, but the cost of staffing or hiring a vendor for such local rebate programs made this option unattractive. Few member agencies developed their own HECW rebate programs. This option also requires the customer to file dual rebate applications, which could cause confusion and irritation.

In view of all the above issues, Metropolitan is proposing to implement a region-wide, year-round, rebate program for 10,000 HECW's. It would hire one or more vendors to perform the following major tasks: developing and distributing regional point-of-purchase materials, developing regional media promotion, and verifying and processing rebate applications.

Very significantly, the implementation of a region-wide program would negate the need for each of Metropolitan's member agencies to initiate separate programs. A number of small HECW programs would greatly increase the regional cost and result in the loss of economies of scale. With a single regional program, CALFED will be able to reach almost half the state's population and do it much more cost-effectively than through a number of small agency-managed HECW programs.

High efficiency clothes washer rebates funded solely by water agencies (including Metropolitan's incentive, provide customer incentives in the range of \$75 to \$100. This level of rebate is too small to attract many customers. Most HECWs retail at between \$600 - \$1,100. (This compares to conventional clothes washers that retail in the \$300-\$400 range). This grant proposal is intended to achieve a sufficiently large base rebate (\$100) to make it reasonably attractive to the customer. However, to make the rebate very attractive, the member agency would have the option of including additional rebate money for its customers. Many agencies recognize that additional funding will do much to make this program successful, and they are willing to make such commitments.

The sources of rebate funding would be:

▪ Metropolitan	\$ 25
▪ CALFED	+\$ 75
Base Rebate Amount	\$100
▪ Member agency ABC funding (optional)	+\$XX
Final Rebate Amount (for customers of member agency ABC)	\$100+XX

### 3. Nature, Scope, and Objectives of Program

The nature of the program is a regional rebate program managed by an experienced vendor. The program scope is to achieve the installation of 10,000 HECW's in Metropolitan's service territory once the program is formally launched. The objectives of the program are several:

- Provide a base rebate of \$100 that, by itself, will provide customers with incentive to purchase HECWs.
- Provide agencies with the opportunity to augment the \$100 base rebate with additional funding to further encourage their customers to purchase HECWs.
- Provide Metropolitan's member agencies with a centralized program vendor that will provide regional program marketing and administration costs,
- Achieve accelerated water savings by increasing the rate at which single family residents purchase HECWs, and
- Save 2,260 acre feet of water over the estimated 14-year life of the machines (0.226 acre-feet saved per machine x 10,000 machines).

## ***Monitoring and Assessment***

### **4. Methods and Procedures**

Metropolitan will hire one (or more) vendors and/or use in-house staff to complete the following tasks:

- Design, market and promote materials for point-of purchase and media advertising,
- Provide liaison with appliance outlets,
- Design and print rebate forms,
- Process rebates,
- Develop a customer database of customers receiving HECWs,
- Generate quarterly progress reports compiled both regionally and by member agency,
- Invoice member agencies for their portion of the rebate cost, if they elect to add additional rebate funding,
- Conduct installation verification of a portion of customers who received rebates, and
- Conduct customer satisfaction surveys.

In addition, Metropolitan will devote the equivalent of one full-time employee to closely monitor all aspects of the program and to assure there is ongoing communication about program status relayed to CALFED, Metropolitan, its member agencies, and devote the talents of its outreach staff to promoting the program regionally.

### **5. Schedule**

See Attachment A

### **6. Monitoring and Assessment**

Monitoring and assessing the program's progress will be accomplished via procedures that have been well-established in Metropolitan's ULF Toilet Program. Accompanying each invoice from the vendor for HECW rebates paid will be an electronic database that identifies each customer who received a rebate. The database includes customer name, address, (with zip code), telephone number, make and model of HECW purchased, purchase price and the date the rebate was paid. In addition to the verification done by the program vendor, Metropolitan will use an independent installation consultant to spot-check the program vendor's work. Also, the customer satisfaction surveys mentioned above will be a vehicle to assess the success of the program from the customer's perspective. The results of those surveys will also be used as testimonies for program promotion.

Until such time as more reliable information becomes available, quantification of water savings will be based on the THELMA/BERN results referenced above (See Footnote #1, page 1).

## **C. OUTREACH, COMMUNITY INVOLVEMENT, AND INFORMATION TRANSFER**

### **1. Outreach to Disadvantaged Communities**

Metropolitan's regional role as an entity that disburses and accounts for CALFED funds will provide an opportunity for Minority-Owned Businesses (MBEs) and Women-Owned Businesses (WBE's) to bid on the regional marketing and promotion of the program. Metropolitan has a long-standing, well-established policy of including qualified MBEs and WBEs among its contractors. Both of its present in-residence installation verification vendors are MBEs.

### **2. Employment, Training and Capacity Building Potential**

Approval of the requested CALFED grant will foster employment, training and capacity-building potential to the extent the selected vendor(s) are MBEs or WBE's. These objectives will also be achieved to the extent the selected vendor(s) subcontracts various tasks, such as printing materials, performing customer service via telephone surveys of customer satisfaction, distributing and setting up point-of-purchase materials with appliance outlets, conducting on-site installation verification inspections, etc. .

### **3. Dissemination of Program Results**

Summary information developed from this program will be available for public review. Metropolitan has a long-established record of sharing results of its programs with water agencies and interested third parties. It will be available for sharing throughout the state and will be available to assist CALFED in its efforts to develop financial incentive programs for its Water Use Efficiency Program.

### **4. Cooperating Agencies**

No letters from cooperating agencies are being submitted with this grant proposal at this time. The proposal has been informally discussed with Metropolitan's member agencies. There is much support for it. Letters of cooperation will be formally requested whenever it is appropriate.

## **D. QUALIFICATIONS**

### **1. Program Manager Resume**

See Attachment B

### **2. External Cooperators**

Metropolitan would use one or more external cooperators, all of which would be selected via Requests for Proposals. These cooperators would be a marketing firm to provide

regional marketing assistance and inspection firms to perform in-residence verification of HECW installations. In addition, each participating member agency has the option of running its own HECW rebate program with its own staff or with a vendor.

### 3. Partnerships Developed to Implement the Program

Metropolitan currently has agreements with the following member agencies to co-fund HECW rebate programs: City of Anaheim, Eastern Municipal Water District, Los Angeles Department of Water and Power, and the San Diego County Water Authority. It expects to execute agreements with many of remaining 22 member agencies who desire to participate in the regional HECW rebate program. Many member agencies have expressed interest in the program. This is particularly true of most of the smaller member agencies that are short of the staff required to run a rebate program. Those 22 member agencies are: City of Beverly Hills, City of Burbank, Calleguas MWD, Central Basin MWD, Foothill MWD, City of Fullerton, City of Glendale, Inland Empire Utilities Agencies, Las Virgenes MWD, City of Long Beach, Municipal Water District Orange County, City of Pasadena, City of Santa Monica, Three Valleys MWD, City of Torrance, Upper San Gabriel Valley MWD, West Basin MWD and Western MWD of Riverside.

In addition to the above entities, Metropolitan will explore means of working cooperatively with private energy suppliers, such as Southern California Edison, San Diego Gas & Electric, Southern California Gas Company and sanitation districts.

## E. COSTS AND BENEFITS

### 1. Cost Summary

Total estimated program funding per rebate:

Participating Agency	Rebate Cost	Other Cost per Rebate	Total Cost per Rebate	Total Program Cost for 10,000 Rebates
CALFED	\$ 75	\$17.50	\$92.50	\$ 925,000
Metropolitan	25	\$32.50	57.50	575,000
<b>Base Funding</b>	100	50	150	1,500,000
Optional Member Agency Funding	X	Y	X+Y	+
<b>Final Funding</b>	\$100+X	\$50	\$150+	\$ 1,500,000+

See Attachment C for details.

Rebate: Metropolitan proposes a rebate of \$25 for this regional program. Combining Metropolitan's funding with CALFED funding of \$75 per rebate, a base rebate of \$100 will be available. It is expected that Metropolitan's member agencies that elect to participate in the regional HECW rebate program will augment the \$100 amount, such that a final customer rebate of \$150 or more is quite possible. Member agencies have

clearly indicated their willingness to provide additional customer incentive. The amount would vary by agency.

**Other Cost per Rebate:** The CALFED contribution of \$17.50 per rebate for Other Costs would be dedicated to partially paying for program vendor(s) costs, such as marketing and promotion, securing participation by appliance chains and dealers, processing rebate applications, verifying HECW installations, and providing regular program progress reports. This proposed CALFED vendor cost of \$17.50 per rebate would be coupled with Metropolitan's costs, discussed below, to provide full vendor support.

The Metropolitan contribution of \$32.50 per rebate for Other Costs represents the equivalent of one full-time staff member committed to the program over its programmed 2-¼ year life. Metropolitan staff would provide daily oversight of the program vendor and provide other internal resources for program promotion.

## 2. Benefit Summary

The benefits of the program will be consistent with CALFED's objectives as expressed in its Framework for Action (June 9, 2000) and the Record of Decision that followed. The proposed program will increase the amount of water saved through conservation by assuring that Metropolitan's member agencies have a regional HECW program.

Once all 10,000 HECW's are installed, they will save 2,255 acre feet of water over the estimated 14-year life of the machines. By so doing, this program will support CALFED's objectives in the following manner.

- Reduce elevated Delta salinity levels in the Delta by drawing less water from that source, thereby leaving more water for salinity diversion.
- Enhance the aquatic habitats and ecological functions in the Bay-Delta by drawing less water from that source, particularly during dry periods with the impact of reduced water flow through the Delta is greatest.
- Reduce the imbalance between available Bay-Delta water supplies and the various beneficial needs by providing a new local water supply that will offset a portion of current and future demands.
- Water savings and their value are based on the table below:

Benefit/Unit	# Units	Total Benefit		Present Value of Total Benefit
Acre-Feet / HECW	HECWs	Acre-Feet	\$ <sup>2</sup>	\$ <sup>3</sup>
0.226 <sup>1</sup>	10,000	2,260	\$1,017,000	\$ 703,500

1. Based on CUWCC memo dated 5/1/00 re savings estimates from THELMA and BERN, KS Studies, and assumes a 14-year machine life.



2. Based on an avoided cost of \$450/acre-foot, level for 14 years.
  3. Based on a discount rate of 6% and a 14 years of savings, beginning in Year 2.
- Economies of Scale. To reiterate, developing a regional HECW program will be much more efficient than having all Metropolitan's member agencies implement individual programs. Those large agencies, such as the Los Angeles Department of Water and Power and the San Diego County Water Authority, with large, well-established HECW programs will probably not want to discontinue their programs. The presence of Metropolitan's regional program would not preclude them from continuing their programs.

REBATES FOR HIGH EFFICIENCY CLOTHES WASHERS  
PROPOSED BUDGET

Item	Amount	Units	Quantity	Total Cost	Life	Present Value	Shared Present Values	
							Metropolitan	CALFED
	\$		#	\$	(Years)	\$	\$	\$
<b>SALARIES &amp; WAGES</b>								
Program Management (including fringe benefits)	\$100,000	\$/yr	2.25	\$225,000	2.25	\$216,600	\$216,600	\$0
<b>SUPPLIES</b> (in Promotional Support)								
<b>EQUIPMENT</b>								
HECW Rebates	\$100	\$/rebate	10,000	\$1,000,000	1	\$930,000	\$232,500	\$697,500
<b>CONSULTANTS</b>								
Program Administration	\$15	\$/rebate	10,000	\$150,000	2.25	\$144,000	\$0	\$144,000
Installation Verification	\$25,000	\$/yr	1	\$25,000	1	\$23,000	\$0	\$23,000
<b>SERVICES</b>								
Promotional support (MDWSC)	\$10	\$/rebate	10,000	\$100,000	1	\$98,000	\$98,000	\$0
<b>TRAVEL</b> (none)								
<b>Other Direct Cost</b> (none)								
<b>Total Estimated Program Cost</b>				1,500,000		1,411,600	\$547,100	\$864,500

Note: figures have been rounded

s:/conservation/residential/h-axis/CALFED Budget and Schedule

## RESUME

John P. Wiedmann  
Senior Resource Specialist  
Metropolitan Water District of Southern California  
jwiedmann@mwd.dst.ca.us  
(213) 217-6516

### WATER CONSERVATION EXPERIENCE:

02/92 – 08/94 Senior Resource Specialist with general program development responsibility for landscape and commercial/industrial/institutional programs. Initiated Metropolitan's cooperative relationship with California Polytechnic State University at San Luis Obispo for the expansion of Protector del Agua classes.

09/94 – 02/02 Team Leader, Residential Programs.

Formed RESPAC (Residential Project Advisory Committee) to develop source manuals for initiating and implementing residential surveys of single family residences. The project team (7 member and subagencies) received an award from USBR for its cooperative venture.

Executed and administered agreements with seven member agencies and subagencies for water use efficiency surveys of single family residences. That responsibility continues to the present.

Responsible for oversight (from 10/94 – 6/99) of \$3.65 million grant from United States Bureau of Reclamation for 66 separate conservation projects, some managed by Metropolitan, most managed by its member agencies.

Responsible for executing and administering agreements for High Efficiency Clothes Washer rebate programs, including programs with Southern California Edison and San Diego Gas & Electric Co. for regional programs for customers in our common service territories.

Responsible (since 01/99) for staff oversight of the Residential ULF Toilet Program. Program funds approximately 175,000 ULF toilets annually at \$60 each. Approximately 25 member agencies participate. Administration requires agreement execution, invoice approval and payment, and a separate program for verification of ULF toilet installation

## NON WATER CONSERVATION EXPERIENCE

- 1982 – 1992      Provided risk management services for private individuals.  
Northwestern Mutual Life Insurance Company
- 1973 – 1982      International market development for distribution of sprinkler and drip  
irrigation equipment. Area Manager, Sales and Marketing Manager, and  
Product Develop Manager. Rain Bird International, Inc.
- 1963 – 1971      Exploration geologist for oil and gas in California, Alaska, Libya and  
England. Atlantic Richfield Company.

## EDUCATION

- 1957 – 1963      Bachelor and Master of Science, Geology; Stanford University
- 1971 – 1973      Master of Business Administration, Stanford University